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Implementation of the outcome of the World Summit for Social Development and of the twenty-fourth special session of the General Assembly

Report of the Secretary-General

Summary

The present report is submitted in accordance with General Assembly resolution 72/141. In the report, the Secretary-General underscores the need to address inequality in order to eradicate poverty and achieve the goals of the World Summit for Social Development and the 2030 Agenda for Sustainable Development, focusing on trends in inequality within and among countries. He proposes policies and strategies to combat inequality and eradicate poverty aimed at achieving sustainable development for all and highlights the deliberations of the fifty-sixth session of the Commission for Social Development. The report concludes with a set of recommendations for consideration by the General Assembly.

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I. Introduction

1. The General Assembly, in its resolution 72/141, requested the Secretary-General to submit a report on the implementation of the outcome of the World Summit for Social Development and of the twenty-fourth special session of the General Assembly, with a special focus on trends in inequality within and among countries. It reaffirmed that the Commission for Social Development served as the main United Nations forum for intensified global dialogue on social development issues. It also reaffirmed that the Commission would contribute to the follow-up to the 2030 Agenda for Sustainable Development, within its existing mandate, by supporting the thematic reviews of the high-level political forum on sustainable development on progress in the implementation of the Sustainable Development Goals, including cross-cutting issues, which should reflect the integrated nature of the Goals as well as the interlinkages between them.

2. In the present report,[1] the Secretary-General provides an overview of trends in inequality among and within countries and examines policies, strategies and innovative approaches to address inequality to implement the objectives of the World Summit for Social Development and the 2030 Agenda for Sustainable Development. He addresses the particular needs of Africa and the least developed countries and highlights the situation and specific needs of young people, older persons, persons with disabilities, families and indigenous peoples. He concludes the report with recommendations for consideration by the General Assembly.

II. Trends in income, wealth and non-income inequalities

A. Global inequality trends

3. Global income inequality has been declining since 1990, driven by a convergence in average incomes across countries and rising incomes, in particular, in China and India. Between 2010 and 2016, the income of the bottom 40 per cent of the population grew faster than that of the entire population in 60 of 94 countries for which data are available (see E/2018/64, para. 91).

4. Despite these positive trends, major concerns remain. Global inequality continues at very high levels. Although the global Gini coefficient declined from 68.7 in 2003 to 64.9 in 2013,[2] it is still higher than that of any one country,[3] implying a highly unequal distribution of global income among the world's citizens despite rising incomes in many developing countries. Further, while gross domestic product (GDP) per capita increased in almost all countries between 1990 and 2016, the gap between the lowest- and highest-income countries also widened, owing to significant increases at the higher end. While some countries with the lowest incomes, such as Ethiopia and Mozambique, more than quadrupled their GDP per capita during the same period, others such as Burundi and the Central African Republic saw little increase, indicating the divergence in trends. The average income of the bottom half of the global

[1] Inputs were received from the following United Nations entities: Food and Agriculture Organization of the United Nations; United Nations Children's Fund (UNICEF); United Nations Research Institute for Social Development; United Nations Human Settlements Programme (UN-Habitat); International Telecommunications Union; Economic and Social Commission for Asia and the Pacific; Office of the Special Adviser on Africa; Department of Economic and Social Affairs; and World Bank Group.

[2] Max Roser, "Global income inequality", Our World in Data, October 2016. Available at http://ourworldindata.org/global-economic-inequality.

[3] See https://data.worldbank.org/indicator/SI.POV.GINI?locations=CO.

population has grown significantly (from $1,090 per year in 2003 to $2,010 in 2013),[4] thanks to high growth in Asia. Nevertheless, the share of global income of that group has been stagnating since 1985, while that of the top 1 per cent of earners has increased, peaking at about 22 per cent before the 2007–2008 global financial and economic crisis. In 2016, 20 per cent of global income was received by the top 1 per cent, compared with 10 per cent for the bottom 50 per cent.[5]

5. Similarly, global wealth inequality has been rising, particularly after the global financial crisis. In 2017, the richest 1 per cent of the global population owned 82 per cent of the wealth generated, while the poorest half (3.7 billion people) saw no increase in their wealth.[6] While global wealth has significantly increased, growing inequality has pushed down mean wealth per adult everywhere except China. Since 1980, significant wealth has been transferred from public to private ownership in nearly all countries, weakening the capacity of national Governments to tackle inequality.[7]

6. With regard to non-income inequalities, significant progress has been made but disparities persist in levels of access to education, health services, safe water, sanitation and nutrition, on the basis of gender, urban-rural location and other factors. Globally, about 617 million (58 per cent) children and adolescents of primary and lower-secondary school age are not achieving minimum proficiency levels in reading and mathematics; further, about two thirds of them attend school but will not achieve minimum proficiency levels in reading by the time they complete primary school. These children are predominantly from low-income families and live in rural areas. Based on data from 62 countries for the period 2001–2015, only 12 countries show parity between urban and rural children (see E/2018/64).

7. While official development assistance for basic health has increased by 41 per cent since 2010, reaching $9.4 billion in 2016, close to 45 per cent of all countries and 90 per cent of least developed countries have fewer than 1 physician per 1,000 people, and over 60 per cent have fewer than 3 nurses or midwives per 1,000 people. Among the 151 million (22 per cent) children under 5 years of age worldwide affected by stunting in 2017, 53.8 million lived in sub-Saharan Africa, 58.7 million in Southern Asia and 5.1 million in Latin America and Caribbean.[8] While 51 million children under 5 years of age suffered from wasting — low weight for one's height — 38 million were affected by obesity in 2017. Among the 870,000 deaths strongly associated with unsafe drinking water, unsafe sanitation and lack of hygiene in 2016, 329,000 occurred in children under 5 years of age, mostly in sub-Saharan Africa and South-East Asia.[9] It is estimated that, in 2015, 42 per cent of water services were considered unsafe (that is, surface water, unimproved or limited) in sub-Saharan Africa, compared with only 1 per cent in Northern America and Europe. Only 50 per cent of Central and South Asia and 28 per cent of sub-Saharan Africa had 75 per cent coverage of basic sanitation services in 2015, compared with 85 per cent in Latin America and the Caribbean.[10]

8. Persistent inequalities remain between women and men in access to the labour market, levels of unemployment and conditions at work, despite notable progress over

[4] See http://ourworldindata.org/global-economic-inequality.

[5] Facundo Alvaredo and others, eds., *The World Inequality Report 2018* (Cambridge, Massachusetts, Harvard University Press, 2018).

[6] Oxfam International, *Reward Work, Not Wealth* (Oxford, January 2018).

[7] Alvaredo, *World Inequality Report 2018*.

[8] World Health Organization (WHO), UNICEF and the World Bank Group, *Levels and trends in child malnutrition: key findings of the 2018 Edition of the Joint Child Malnutrition Estimates* (Geneva, 2018).

[9] E/2018/64.

[10] WHO and UNICEF, *Progress on Drinking Water, Sanitation and Hygiene, 2017* (Geneva, 2017).

the past 20 years. The global women's labour force participation rate (48.5 per cent in 2018) is 26.5 percentage points lower than that of men, and the global unemployment rate for women (6 per cent in 2018) is approximately 0.8 percentage points higher than that for men. Women are also more likely to face inferior quality of jobs and lower salaries.[11]

9. There are substantial digital divides between countries and regions, and between developed and developing countries, particularly Africa and least developed countries. There are twice as many mobile broadband subscriptions per 100 inhabitants in developed countries as in developing countries, while the gap between more-connected developing countries and least developed countries has grown in recent years. Subscribers in developed countries also tend to benefit from higher bandwidth than those in developing countries. These divides are evident in levels of Internet usage as well as connectivity.[12]

B. Regional diversity in income inequality

10. Despite experiencing strong economic performance over the past two decades, Africa remains one of the most unequal regions globally, a situation which undermines efforts to reduce poverty and foster inclusive growth. On average, the income of the richest 20 per cent of the population in Africa is over 10 times that of its poorest 20 per cent. Among other developing countries, the ratio is below nine, on average. Between 2001 and 2011, average income inequality levels declined modestly in sub-Saharan Africa, according to results from 29 countries with adequate Gini data. These countries represent 81 per cent of the population of the subcontinent. However, there is substantial variation in inequality trends across subregions.[13]

11. The Asia-Pacific region has experienced tremendous socioeconomic transformation, facilitated by strong and sustained economic growth. While countries in the region appear to have been growing together over the past decades, inequality among countries has not necessarily improved in absolute terms.[14] On average, the region's income inequality increased as shown by its Gini coefficient, which rose from 33.5 in the period 1990–1994 to 38.4 in the period 2010–2014, based on data from 46 countries. This average increase results from a substantial rise in income inequality in many countries, including in several populous countries, accompanied by a decline in inequality in 60 per cent of the countries. It is estimated that approximately 153 million more people could have been lifted out of poverty had inequality not increased in the 10 most populous countries in the past decade. Persisting high inequalities in access to opportunities also exist in several countries of the region. South, South-West and South-East Asia show the highest level of inequality of opportunity, in particular in terms of ability to access to clean fuels, higher and secondary educational attainment and ownership of a bank account.[15]

12. In the Arab region, despite a recent rebound in economic growth, considerable disparities in GDP per capita exists between oil-rich Gulf Cooperation Council

[11] International Labour Organization, *World Employment Social Outlook: Trends for Women 2018* (Geneva, 2018).

[12] International Telecommunications Union (ITU), *Measuring the Information Society Report 2017, Volume 1* (Geneva, 2017).

[13] Ayodele Odusola and others (eds.), *Income Inequality Trends in sub-Saharan Africa: Divergence, Determinants and Consequences — Overview* (United Nations Development Programme (UNDP), 2017).

[14] Arun Frey, The case for convergence: assessing regional income distribution in Asia and the Pacific, Social Development Division Working Paper Series (forthcoming).

[15] *Inequality in Asia and the Pacific in the Era of the 2030 Agenda for Sustainable Development* (United Nations publication, Sales No. E.18.II.F.13).

countries and other Arab countries.[16] Health inequalities persist across and within countries of the region with women and the rural poor being most affected. While the region has made significant progress in net primary education enrolment rates (92 per cent in 2011), inequalities in education opportunities have increased in several countries as a result of conflicts, which have resulted in an unprecedented refugee and humanitarian crisis and have created a new generation of people living in poverty and exclusion, potentially further deepening inequalities.[17]

13. While the levels of inequality in Latin American countries are among the highest in the world, on average, income inequality has decreased since the early 2000s, in large part owing to faster than average growth in the income of persons in the lowest income quintiles. However, the pace of decline slowed between 2012 and 2016. According to the most recent household survey data, the income of the wealthiest quintile accounted for about 45 per cent of total household income, compared with 6 per cent for the poorest quintile. The income of the richest 10 per cent of the population is roughly equivalent to that of 60 per cent of the population. Moreover, the wealthiest 1 per cent of the population accounts for a larger share of total income in Latin America than in developed countries in other regions.[18]

14. In the developed world, income and wealth inequalities have grown rapidly in English-speaking countries of Northern America, Europe and Oceania but moderately in the rest of Europe and Japan. In Western Europe for instance, the share of the national income earned by the richest 1 per cent of the population increased only slightly during the same period, from 10 per cent to 12 per cent during that period, while the share earned by the poorest half decreased slightly from almost 24 per cent to 22 per cent.[19] Despite showing relative stability at the aggregate level, income inequality is growing between generations in Europe. The risk of relative poverty decreased notably for older persons but increased significantly for young people owing to high and prolonged youth unemployment. Income inequality is also markedly different across age cohorts: the ratio of the share of income of the richest to that of poorer groups is much lower among persons aged 65 years or older than in the working age population.[20]

C. Inequality within countries

15. Trends in economic inequality within countries present a mixed picture, with many countries experiencing a significant rise in income inequality in recent decades while others have seen declines. The increase in within-country income inequality is mainly accounted for by the rise in the income share of earners in the top percentile. In the developed world, income and wealth inequalities have grown rapidly in Australia, Canada, Ireland, the United Kingdom of Great Britain and Northern Ireland and the United States of America, but modestly in continental Europe and Japan. In the United States, for instance, the highest 1 per cent of income earners almost doubled their share of the nation's income between 1980 and 2016 (from 11 per cent to 20 per cent), while the poorest half saw their share of the national income almost halve (from 21 per cent to 13 per cent). The rise in wealth inequality has been even more extreme: the wealth share of the richest 1 per cent of the population rose to

[16] UNDP, "Perspectives on inequality challenges in the Arab Region", Regional Coordination Mechanism, Issues Brief for the Arab Sustainable Development Report (2015).

[17] Economic and Social Commission for Western Asia, "Inequality in the SDGs: fighting multidimensional inequality in the Arab region" (2016).

[18] *Social Panorama of Latin America 2017* (United Nations publication, Sales No. E.18.II.G.3).

[19] Alvaredo, *World Inequality Report 2018*.

[20] Tingyun Chen and others, "Inequality and poverty across generations in the European Union", International Monetary Fund (IMF) Staff Discussion Note, SDN/18/01 (2018).

39 per cent in 2014, from 22 per cent in 1980. Income inequality has surged in large emerging economies as well, as they have liberalized their economies and gone through profound deregulation.[21]

16. In sub-Saharan Africa, according to data from 29 countries, income inequality fell between 2001 and 2011 in 17 countries whose economies are predominantly agricultural and rose in 12 countries whose economies rely mainly on the oil and mining sector.[22]

17. In Asia and the Pacific, income inequality decreased between the 1990s and the 2010s in 60 per cent of countries with data, with the sharpest drop occurring in the Maldives, followed by Kyrgyzstan, Azerbaijan and Georgia. By contrast, income inequality increased in the rest of the countries, including in four of the five most populous countries: China, followed by Indonesia, Bangladesh and India. It is the sharp increase in inequality in these populous countries that has driven the overall increase in income inequality in the region.[23]

18. On the basis of household survey data, income inequality decreased significantly in many countries of Latin America between 2002 and 2008. The Gini coefficient of income inequality fell by more than 1 per cent per year in 14 countries. In the remaining countries, inequality stayed the same or increased only slightly in that period. From 2008 onward, however, the number of countries showing significant declines decreased to seven between 2008 and 2014, and to just five between 2014 and 2016. Despite the income inequality reductions, tax data show that wealth inequality has remained stubbornly high since the 1980s in four countries of Latin America. That said, however, developing countries generally lack sound administrative data on income tax, which limits analysis of patterns and trends in most countries.[24]

19. In addition to rising income inequality, inequalities based on age, gender, disability status, race and ethnicity, class, religion, and migrant and other status persist within countries. These inequalities manifest themselves in large disparities in levels of access to opportunities, such as jobs, education and health services, decision-making and assets, as well as in outcomes, including education and mortality levels, which are not improving fast enough.

20. Progress has been made in equalizing access to education by gender since 1980 but girls still lag behind in many countries, in particular in sub-Saharan Africa, the Middle East, and South and Central Asia. For instance, the female-to-male ratio of gross secondary-level enrolment rate is still below 1 (meaning fewer girls than boys are enrolled) in sub-Saharan African countries, even though it had increased from 0.5 in 1980–1984 to 0.8 in 2010–2014. By contrast, the gender gap in education has closed in Asia and the Pacific.[25]

21. There are also stark inequities in the situation of children within countries, with children from poorer households and rural areas and adolescent girls being at greater risk of being left behind. By 2030, for instance, three quarters of children living in the poorest households in their country are expected to miss the Sustainable Development Goal target for under-5 mortality rates, compared with only a quarter of children living in the richest of households. Inequality also manifests itself in the availability of data. A lack of disaggregated data prevents an assessment of vulnerable

[21] Alvaredo, *World Inequality Report 2018*.

[22] Odusola and others (eds.), *Income Inequality Trends in sub-Saharan Africa*.

[23] *Inequality in Asia and the Pacific in the Era of the 2030 Agenda for Sustainable Development*.

[24] *Social Panorama of Latin America 2017*.

[25] Janet G. Stotsky and others, "Trends in gender equality and women's advancement", IMF Working Paper, WP/16/21 (2016).

groups, including ethnic minorities, children with disabilities and migrant children. Some of the world's most vulnerable children, such as those living in institutions or on the streets, are very often not captured in household surveys.[26] Access to such data is essential for answering relevant questions and evaluating outcomes.

22. Within countries, important environmental and infrastructure inequalities also persist. People living in poverty overwhelmingly suffer from the effects of pollution, climate change and environmental degradation. The destruction of land and water ecosystems significantly affects communities that rely on these resources for their livelihoods. In most developing countries, inequality in basic water, sanitation and hygiene provision exists by income, urban/rural residence and subnational region. Coverage of safely managed drinking water and sanitation is greater in urban than rural areas in almost all countries. In half of countries with data, coverage of safely managed drinking water is greater by over 30 per cent in urban than rural areas. Other inequalities, reflecting gender, ethnicity, age, disability and other health conditions can also affect access to water and sanitation services.[27]

23. In emerging and low-income countries, the gap in levels of access to, and use of, digital technology and services — known as the digital divide — remains significantly wide across various socioeconomic segments of the population and between national territories. This is partly as a result of the lack of digital infrastructure, affordability and skills. In two thirds of countries worldwide, for instance, the proportion of men using the Internet is higher than women, and households in rural areas have limited or no access to the Internet.[28]

III. Policies and strategies to combat inequality and achieve the objectives of the World Summit for Social Development and the 2030 Agenda

A. Sustaining inclusive growth

24. Although there is no one-size-fits-all approach to combating inequality, there are general strategies that Governments and the international community can implement to prevent the rise of national and global inequality. Since the remaining poverty in the world is less responsive to economic growth, it is important to foster inclusive and sustainable growth, which helps people contribute to and benefit from economic growth with minimal impact on the environment. To boost economic growth and social equity simultaneously, many countries are addressing two priority areas: upskilling the workforce through education and skills development; and redistributing income or wealth through fiscal policies. Other countries are also fostering the integration of disadvantaged groups and addressing barriers to inclusion through investments in health, agriculture, infrastructure and technology.

25. Fiscal policies are the primary tools for redistributing income. Overall, fiscal policies reduce income inequality, but they may increase poverty in some countries if the increase in tax burden is greater than transfers received by low-income groups. They can also be very costly. Tax and expenditure policies therefore need to be designed carefully to reach both distributional and efficiency goals. In general, progressive taxes and higher shares of GDP on social spending (direct transfers, pensions and public spending on education, health and housing) have positive impacts

[26] UNICEF, *Progress for Every Child in the SDG Era* (New York, 2018).
[27] WHO and UNICEF, *Progress on Drinking Water, Sanitation and Hygiene: 2017*.
[28] ITU, *Measuring the Information Society*.

on income distribution, contributing to decreasing inequality.[29] Direct taxes and direct transfers, in particular, are the components that have a generally equalizing effect. Among middle-income countries, Brazil and South Africa have made significant progress towards establishing more equitable societies thanks to their large budgets for fiscal redistribution and the considerable share devoted to direct transfers — 4.2 per cent and 3.8 per cent respectively.[30]

26. Innovative approaches to tax collection, including greater use of taxes on tobacco, alcohol, property, energy and financial transactions, have allowed countries such as Brazil, Ecuador, the Philippines and South Africa to expand health coverage and social protection services and reduce inequality.[31]

27. The gender perspective should be systematically considered and integrated into inclusive growth policies to achieve the full potential of women. By doing so, and by enacting measures targeted at supporting girls' enrolment in school, for example, countries such as Rwanda have been able to address gender inequalities in an effective way. Rwanda is now among the countries that have made the greatest improvements in the Gender Equality Index, which is calculated globally on the basis of the levels of school enrolment, labour market participation and empowerment since 2000.[32]

28. Boosting economic growth and reducing inequality simultaneously require policies that create an enabling environment for business investment, entrepreneurship and donor support in order to expand employment, boost wages, widen assets ownership, ensure food security and strengthen fiscal administration.

B. Investing to promote equal access to services

29. In many countries, significant disparities persist in access to quality education and health care, safe water and sanitation, energy, information and communications technology (ICT) and financial services, based on income, sex, urban or rural residence, geographic location and other social determinants. These disparities are critical barriers to equal opportunity.

30. Education and training promote equity and social inclusion because they increase the productivity, quality, and innovation skills of the workforce. As a result, there is a rise in better-educated and better-skilled workers, who are more employable and can earn more while also having greater capacity to engage in society. Investments in education and skills development, especially the provision of more educational resources (including highly qualified teachers, advanced courses, strong science, technology, engineering and mathematics programmes and extracurricular opportunities) to low-quality rural and urban public schools contribute to decreasing educational and income inequalities both within and between countries. In the context of an increasingly globalized and knowledge-based economy, aligning people's education, knowledge and skills with the demands of the labour market as well as taking account of demographics, technological developments and global competition are also key.

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[29] Jorge Martinez-Vazquez, Blanca Moreno-Dodson and Violeta Vulovic, "The impact of tax and expenditure policies on income distribution: evidence from a large panel of countries", International Center for Public Policy Working Paper, 12–25 (2012).

[30] Nora Lustig, "Inequality and fiscal redistribution in middle-income countries: Brazil, Chile, Colombia, Indonesia, Mexico, Peru and South Africa", Commitment to Equity Working Paper 31 (2015).

[31] IMF, "Fiscal policy and income inequality", Policy Paper (2014).

[32] Oxfam, *Development Finance and Inequality: Good practice in Ecuador, Rwanda and Thailand* (Oxford, 2013).

31. Public policy interventions in the main social determinants of health, including education programmes, social protection, fiscal policies, urban development, and infrastructure programmes, are important in reducing health inequalities. Targeted conditional cash transfer programmes have for instance provided net health benefits in middle-income and some low-income countries. Preventive measures that ameliorate housing conditions, improve safe water supply and sanitation facilities and disseminate information about proper hygiene practices, particularly in disadvantaged, rural and remote areas, have also been shown to have an equalizing effect on health outcomes.[33] African countries, which continue to face the burden of communicable diseases as well as an increasing burden of non-communicable diseases, need, for example, to strengthen health care systems and improve equity in access to health services in order to achieve healthy lives for all.[34] By 2015, 27 African countries had increased total government expenditures on health.[35]

32. Food and nutrition security, an issue affecting people in both developed and developing countries, is driven mainly by inequality; that is, the inability to gain access nutritious food as a result of poverty, not because of its unavailability. The 2030 Agenda for Sustainable Development recognizes that the development of agriculture and agro-industry plays a critical role in the process of sustainable and inclusive economic growth, food security and reduction of poverty and hunger. In Africa, the Food and Agriculture Organization of the United Nations supports policies to develop agribusiness and agro-industry that are inclusive of smallholder farmers, women and youth. The 2017 special meeting of the Economic and Social Council on the theme of "Innovations in infrastructure development and promoting sustainable industrialization" in relation to Sustainable Development Goal 9, endorsed the African (Accelerated) Agribusiness and Agro-industries Development Initiative Plus as a vehicle not only to boost food production but to strengthen local capacities, enhance incomes and generate decent employment, particularly for rural youth and women.[36]

33. Reducing disparities in sustainable energy is key to reducing socioeconomic inequalities. Lower-income households typically spend a higher share of their income on energy than richer households. In addition, disadvantaged groups and communities, in particular women, children and poor and rural dwellers, have a higher risk of suffering from indoor air pollution because they use polluting stoves and fuels in their homes. Air pollution has a severe impact on health, which in turn affects productivity and long-term employment and therefore perpetuates poverty in these groups and exacerbates income inequality. These disadvantaged groups have the least access to the benefits of clean energy.

34. Public investments complemented by private sector financing are needed in order to achieve universal energy access in conjunction with renewable energy uptake. To avoid high financing costs from private sector interests, public-private partnership solutions should be considered to find and provide affordable energy solutions to all.

35. Information and communications technologies (ICTs) have the potential to help reduce inequality both within and between countries by enabling access to information, knowledge and services to disadvantaged segments of society, including

[33] WHO, *The Economics of Social Determinants of Health and Health Inequalities: A Resource Book* (Geneva, 2013).

[34] African Union Commission, Maputo Plan of Action 2016–2030 (2016).

[35] UNDP, *Africa Human Development Report 2016: Accelerating Gender Equality and Women's Empowerment in Africa* (2016).

[36] See www.un.org/ecosoc/sites/www.un.org.ecosoc/files/files/en/2017doc/2017_ecosoc_special_meeting_proposal-3ADI%2B.pdf.

persons with disabilities, women and girls, and rural dwellers; for example, ICTs enable persons with mobility challenges to work remotely. Mobile broadband phones permit mobile banking, which is a financial inclusion tool. Money transfer programmes such as Kenya's M-Pesa service enables users to have access to formal banking services, contributing to poverty eradication and reductions in inequality.

36. Countries should develop policies and provide economic incentives to promote market-creating innovations that produce affordable technologies. This will not only help overcome the digital divide but also create new employment opportunities and eventually improve living conditions. Countries may also wish to develop a friendly environment for digital services to prosper and for ICTs to be affordable for all. Countries should also develop policies to adapt their education systems to changing labour markets and encourage digital skills training for everyone at an affordable price. Local expertise could be harnessed in cases where the Government lacks public resources. Similarly, an enabling environment could be created for leveraging private sector investment that delivers public services and the appropriate conditions for competition and innovation.

C. Improving access to social protection, including floors

37. Well-designed and implemented social protection systems have proved to be effective at reducing poverty and inequality. They protect people living in poverty and vulnerable situations by enabling them to mitigate or cope with economic, social and environmental shocks and also serve to enhance human and productive capacity. In high-income countries, social protection systems, including provisions for essential health care and basic income security for children, persons of working age and older persons, reduced levels of poverty and inequality by approximately half.[37] In developing economies, social transfer programmes are expanding rapidly, given their immediate impacts on poverty and inequalities. They also protect those who are negatively affected by extreme climate events or progressive degradation of the environment.

38. In the past decade, many countries have established or strengthened national social protection systems. That said, however, a high prevalence of job informality poses a number of challenges in extending coverage, especially in developing countries. As a result, only 45 per cent of the global population is covered by at least one social protection benefit, while only 29 per cent are covered by the full range of social security benefits.[38] Significant disparities in coverage also exist across regions and between urban and rural areas. While 56 per cent of the global rural population lacks health coverage, the figure is only 22 per cent in urban areas. In Africa, despite various efforts, only 18 per cent of the population are covered compared with 84 per cent in Europe and Central Asia, 68 per cent in the Latin America and 39 per cent in Asia and the Pacific. More recently, some countries, including Botswana, Cabo Verde, Lesotho, Mauritius, Namibia, South Africa and the United Republic of Tanzania, have achieved universal coverage old-age pension coverage.[39]

Towards social protection for all throughout the life cycle

39. Historically, social protection systems in developing countries were expanded sequentially, starting from stand-alone schemes to address employment injury, then

[37] ILO, "Social protection floors in the post-2015 agenda: targets and indicators", Social Protection for All Policy Brief No. 1 (2014).

[38] ILO, *World Employment Social Outlook 2018: Greening with Jobs* (Geneva, 2018).

[39] ILO, *World Social Protection Report 2017–2019: Universal Social Protection to Achieve the Sustainable Development Goals* (Geneva, 2017).

old-age pensions, disability and survivors' benefits, followed by sickness, health and maternity coverage and, later, benefits for children and families and unemployment benefits. Countries have moved to progressively strengthen the links between different programmes. Many developing countries have also implemented social protection measures, including cash transfer programmes, as a part of strategies to reduce poverty and vulnerability and to promote social inclusion. In their efforts to implement the 2030 Agenda, many countries are attempting to strengthen or put in place more comprehensive social protection policies and systems within their national context, with a view to progressively achieving universal coverage.

40. There is a need to streamline existing social protection systems, including through integrating targeted, often temporary, social assistance schemes, as a part of or complementary to universal social protection. This can be done by combining contributory schemes and non-contributory tax-financed benefits, including social assistance.[40] Policies and measures should be brought forward to build universal social protection to protect people over their life cycle, from childhood through working age to old age. Such measures should ideally include family and child allowances, social health protection, unemployment benefits, old-age pensions and employment injury benefits.

41. To guarantee a minimum level of social security for all members of society throughout their lives, the United Nations system and international community support national Governments in designing and implementing nationally defined social protection floors.[41] The floors aim to cover those left behind, including workers living in poverty or engaged in precarious and vulnerable work.

Integrating social security and employment and development policies

42. Social protection has increasingly become an integral part of national strategies to reduce poverty and inequalities. Social protection policies need to be part of a broad framework of social policies, including investments in physical and social infrastructure, the promotion of universal coverage for essential health services and quality primary and secondary education, inclusive labour policies and legislation and the enforcement of basic rights. Comprehensive legislation is needed to extend social security coverage, raise decent wages, protect freedom of association and boost sustainable enterprises. New policies are required to foster decent jobs for youth in an era of rapid technical change, including promotion of youth entrepreneurship and the protection of rights at work. The combination of comprehensive social protection and employment policies can help all people to enjoy income security throughout their lives.

43. Some cash transfer programmes have evolved to include a component to enhance the productive capacity of beneficiaries, so that they can be self-sufficient. The World Bank Group's annual lending in its social protection and jobs portfolio[42] reached $14.67 billion, with $10.2 billion lending in International Development Association countries, targeting the world's poorest (as of April 2018). These resources support safety net programmes, including cash transfers, public works, and school feeding programmes.

44. To address urban-rural disparities, it is critical that access to social protection be improved in rural areas, as it can greatly contribute to the implementation of programmes concerning, for example, food security, nutrition, agriculture, poverty

[40] Ibid.

[41] ILO, "Social Protection Floors Recommendation, 2012 (No. 202)" provides guidance for national Governments on establishing national floors of social protection for all in need.

[42] World Bank, *Resilience, Equity and Opportunity: the World Bank's social protection and labor strategy 2012–2022* (2012).

eradication, rural development and resilience-building. Enhancing the productive capacity of small-scale women and men farmers, fisher folk and forest-dependent communities is an essential strategy for achieving the overall objectives of poverty reduction, rural transformation and inclusive growth. The Food and Agriculture Organization of the United Nations plays a key role in creating an enabling economic environment and in addressing the barriers that prevent access to adequate social protection to those living in rural areas. To integrate its fragmented social safety net programmes, China established an urban social assistance or minimum living guarantee system (known as *dibao*) in 1999, followed by rural *dibao* in 2007. China plans to further improve its social protection system by reducing urban-rural disparities and making it more inclusive.

D. Addressing the pay gap and vulnerable employment to promote decent work for all

45. One of the main drivers of widening inequality is the widening pay gap among workers, in particular between the top 1 per cent and the rest, and the decline in the share of wages in national income.[43] Labour shares reached their lowest level in 50 years in 2008 in advanced economies, and have also declined in emerging developing economies since the early 1990s. The decline in advanced economies has been driven by long-term losses in middle-skill jobs as a result of automation and offshoring, which has caused a displacement of middle-skilled workers and a shift to lower-wage jobs.[44] The falling labour income of the middle-skilled workers, together with the increase in vulnerable (low-wage, non-standard and hazardous) employment, has increased income inequality across regions. Furthermore, productivity gains have largely gone to capital whose ownership tends to concentrate at the top of the income distribution.

46. The causes of the decline are currently debated. About half of the decline in labour shares can be attributed to the impact of technology in advanced economies. In emerging economies, meanwhile, the main driver is financial integration, followed by employment and labour-market policies, particularly the decline in corporate income tax rates and weakening of collective bargaining power of labour, and changes in market regulations that have resulted in an increase in non-standard work.[45] Another study[46] found that changes in bargaining power explain more than half of the decline in the labour share for the 14 Organization for Economic Cooperation and Development countries.

47. The International Labour Organization-European Commission conference held in May 2018 on the theme "Industrial relations in Europe: fostering equality at work and cross-country convergence?" also came to similar conclusions: countries with more resilient industrial relations experienced lower inequality and better labour and social indicators, while countries with weakened industrial relations saw increased income inequality and declined social indicators. The finding confirms that stronger

[43] Mai Chi Dao and others, "Drivers of declining labor share of income", IMF Blog, 12 April 2017.

[44] IMF, *World Economic Outlook April 2018: Cycle Upswing, Structural Change* (Washington, D.C., 2018).

[45] IMF, *World Economic Outlook October 2017: Seeking Sustainable Growth, Short-term Recovery, Long-term Challenges* (Washington, D.C., 2017). See also United Nations, Department of Economic and Social Affairs, "World Economic Situation and Prospects", Monthly Briefing, No. 113, 3 April 2018, available at https://www.un.org/development/desa/dpad/wp-content/uploads/sites/45/publication/wesp_mb113.pdf.

[46] Özlem Onaran and Alexander Guschanski, "What drives the four decades-long decline in labour's share of income?", Greenwich Political Economy Research Centre, University of Greenwich Policy Brief No. PB22-2018 (2018).

industrial relations — that is, the relationship that exists within a productive sphere between employers and their employees and the union that represents them — are not conducive to lower labour market dynamics and socioeconomic outcomes. The key mechanisms identified to facilitate the achievement of better working and living conditions, without sacrificing labour market efficiency, included social dialogue, the development of national industrial relations institutions and collective agreements.

48. Labour market policies and institutions need to be strengthened, taking into consideration the specific circumstances facing each country, including the level of development, the extent of decline in labour shares and its major drivers, and existing social protection measures. Policymakers, for example, can develop comprehensive strategies to help workers better cope with disruptions through enhancing skills and investing in education and lifelong learning; facilitating the reallocation of displaced workers to new jobs, strengthening the bargaining power of labour; and strengthening policies to achieve inclusive growth.

49. The growing levels of vulnerable employment must also be addressed. Low-wage, non-standard and hazardous employment is a major driver of widening inequality within countries in many regions. Vulnerable employment remains pervasive in developing countries, but is also on the rise in developed countries. Globally, almost 1.4 billion workers were in vulnerable employment in 2017. In developing countries, vulnerable employment affects three in four workers, and workers living in extreme poverty are expected to continue to represent 40 per cent of all employed people in 2018.[47]

50. More than three quarters of working youth are in informal jobs that lack social protection. As a result, 160 million working youth worldwide live in poverty.[48] The high level of global youth unemployment and underemployment (13 per cent in 2017) has led to high concentrations of young workers in informal, insecure, short-term, and hazardous employment. The share of youth in the labour force also declined in all regions between 2005 and 2015, but most significantly in Asia and the Pacific.[49] These factors lead to widening inequality over their life course.[50] Unemployment insurance can, at a relatively modest cost in middle-income countries, play a substantial role in securing income during their search for new jobs, thus preventing their impoverishment. Preventive measures nevertheless need to be enhanced, including strengthening legislation, regulation, policies and guidelines on job safety; extending legal protection to cover workers in the informal sector; and improving data and analysis in this area.

51. It is projected that service sector jobs will be the main driver of future employment growth, with agricultural and manufacturing employment continuing to decline.[51] Since vulnerable and informal employment are prevalent in both agriculture and market services, the projected employment shifts across sectors may have only limited potential to reduce decent work deficits. Hence, it is important that they are accompanied by strong policy efforts to boost job quality and productivity in the service sector.

52. Governments should invest in productive capacities, promote decent job creation and entrepreneurship and encourage the formalization and growth of small- and medium-sized enterprises, including through access to financial services and physical, social and ICT infrastructures. They must also ensure equal opportunities

[47] ILO, *World Employment Social Outlook 2018*.

[48] ILO, *Global Employment Trends for Youth 2017: Paths to a Better Working Future* (Geneva, 2017).

[49] *Inequality in Asia and the Pacific in the Era of the 2030 Agenda for Sustainable Development*.

[50] ILO, "Safety and health at work: why are youth at risk?" ILO Infostories, April 2018.

[51] ILO, *World Employment Social Outlook 2018*.

and equal access to quality education and health care, skills and vocational training, and continued learning. In anticipation of the increased impact of technological advances in the future, policies should be developed to promote skill deepening so that workers are prepared for a rapidly changing labour market. Such policies should include tapping into high productivity sectors, progressively transitioning from informal to formal work, linking real wage growth to productivity growth, and expanding access to social protection, including increasing access to child care and the long-term care of older persons.

IV. Issues before the Commission for Social Development at its fifty-sixth session

53. The Economic and Social Council, in its resolution 2016/6, decided that the priority theme for the 2017–2018 review and policy cycle of the Commission for Social Development would be "Strategies for eradicating poverty to achieve sustainable development for all". The work of the Commission at its fifty-sixth session, on the priority theme as well as on innovation and interconnectivity for promoting resilient societies is highlighted below.

A. Priority theme
Strategies for eradicating poverty to achieve sustainable development for all

Progress in poverty eradication

54. Globally, a significant achievement has been made in reducing poverty, with 1.1 billion people being lifted out of extreme poverty between 1990 and 2013. Progress, however, has been uneven across regions and was slowest in sub-Saharan Africa, where extreme poverty decreased by only 13 per cent between 1990 and 2013, leaving 390.2 million people still living on less than $1.90 a day in 2013. Extreme poverty also remains stubbornly high in the least developed countries, where over half of the total population of those countries (around 400 million people) still lived in extreme poverty in 2013 (see E/CN.5/2018/3).

55. During the same period, the extreme poverty rate was cut by at least two thirds — from 45 per cent to 14.7 per cent — in South Asia. Poverty was reduced at a much faster pace in East Asia and the Pacific, from 60 per cent to 3.7 per cent between 1990 and 2013. Progress in China was a key driver of the progress. Two other regions also successfully reduced poverty to less than 5 per cent: Latin America and the Caribbean (4.9 per cent) and the Middle East and North Africa (2.3 per cent).

56. In developed countries, relative poverty has risen. In the European Union, the relative poverty rate increased to 17.2 per cent in 2014 after a long period of stability at 16.5 per cent up to 2008. In high-income countries, children and women are most affected by poverty, with an average of 20 per cent of children under 18 years of age living in relative poverty.

Strategies for eradicating poverty

57. At its fifty-sixth session, the Commission for Social Development noted that economic growth had been a major driver of poverty reduction. The Commission nevertheless expressed concern that growth alone was not sufficient to eradicate poverty unless it was inclusive. Action to ensure rapid progress in meeting that goal for all people should be undertaken in the least developed countries and across Africa. Rising pockets of poverty in some middle-income and developed countries also

needed to be addressed. Eradicating poverty by 2030 would therefore require inclusive structural transformation, strong growth with employment creation and reductions in inequality. In countries and regions where poverty had been successfully cut, economic growth had been accompanied by a dramatic increase in the share of manufacturing employment and an increase in the share of manufacturing value added in the economy.

58. The Commission also noted that eradicating poverty and achieving the Sustainable Development Goals required the creation of full employment and decent work for all. Countries were urged to ensure active labour market policies, in order to provide decent work for people living in poverty and a fair share for workers of gains made from increased productivity as a result of structural transformation and trade, and to accelerate efforts aimed at eliminating barriers to social inclusion and at promoting full participation in all aspects of society by people living in poverty and in vulnerable situations.

59. Countries should prioritize investments in human capital, balanced rural development and infrastructure to reflect the needs in poor and disadvantaged areas. Such investments should include scaling up the delivery of high-quality education and health services, clean drinking water and sanitation, and affordable energy, as well as building resilience to climate change. Sustained poverty eradication required the current generation of children and youth to acquire the necessary education and skills to prevent them from falling into poverty in the future. That entailed access to universal primary and secondary education for all, in particular for disadvantaged and vulnerable children and youth.

60. To reduce poverty and combat inequality, countries should seek to progressively expand universal social protection and universal health coverage. Governments must also implement policies to eliminate the impediments to financial inclusion, in particular for women, youth and other disadvantaged groups. Implementing innovative and inclusive financial solutions required proactive leadership, coordination and sustained effort from Governments, the private sector, development partners and consumers.

61. The Commission emphasized that sufficient domestic resources should be raised and spent effectively to promote inclusive and sustainable growth. Tax policy and administration, governance and high levels of informal work should also be addressed by countries. In that regard, developing countries had stepped up efforts to mobilize domestic resources; domestic revenue had been on the rise in many African countries in recent years, with tax revenues continuing to be the most important source of domestic financing. Official development assistance, foreign direct investment, remittances, debt relief, aid for trade, funds from philanthropic organizations and the combating of illicit financial flows were also critical to achieving the 2030 Agenda.

62. The Commission also stressed that, in order to eradicate poverty and achieve sustainable development for all, the commitment to leave no one behind should be the guiding principle for all levels of government. That required addressing the specific needs of people in vulnerable situations, empowering them and engaging them in decisions that affected their lives.

B. Emerging issue
Towards sustainable and resilient societies: innovation and interconnectivity for social development

63. The Commission discussed the emerging issue of innovation and interconnectivity for social development. It noted that building a sustainable and resilient society

required equipping people, families and communities with the ability to anticipate risks, reduce their adverse effects, recover and bounce back from difficulties and crises and continue to function and grow. It also noted that as societies underwent profound and lasting changes, all members of society needed to be aware of the opportunities and challenges brought about by new technology and interconnectivity. National capacity should be strengthened to maximize the benefits, reduce the risks and protect those who were negatively affected by prioritizing them in national and regional social policies, in line with the 2030 Agenda. In addition, regional and global strategies and the coordination between them needed to be strengthened.

64. The Commission discussed the fact that natural and man-made disasters disproportionately affected vulnerable sections of society whose livelihoods depended mainly on natural resources in rural and peri-urban areas. Realizing an enabling environment for socioeconomic inclusion, risk-informed interventions and empowerment of the most vulnerable, including small-scale farmers, pastoralists, fishers and forest-dependent communities, was central to poverty eradication and achieving resilient and sustainable development. A proactive risk management approach, rather than a reactive response to disaster or crises, represented the innovative paradigm shift whereby small-scale family producers were enabled to better anticipate, prevent and reduce risks and to withstand shocks or recover from them and adapt.

Interconnectivity

65. The Commission addressed the issue of technologies enabling the expansion of interconnectivity between regions, cities, villages and people. There had been sustained growth in the availability of communications in the past decade, led by the growth in mobile cellular telephony and, more recently, in mobile broadband. Advanced ICTs, including the Internet of things, big data analytics, cloud computing and artificial intelligence, had changed how societies operated, especially in areas such as manufacturing, precision agriculture, government, education, health care, smart cities and smart transportation. The Internet of things connected not only people, organizations and information resources, but also objects equipped with digital information sensing, processing, and communication capabilities. Big data analytics would extract useful knowledge from digital information flows and enable people to better understand, predict and improve management and policy decisions. Cloud and other architectures, which enabled the delivery of flexible and on-demand computing services over the Internet, lowered the fixed costs of ICT infrastructure, benefiting small- and medium-sized organizations. Artificial intelligence would help humans to make better decisions, combining information from a variety of different sources. For artificial intelligence algorithms to result in better analyses and decision-making, the objectives pursued and the existing data to be used needed to be carefully tailored so that human capabilities could be augmented to achieve the desired outcomes.[52]

66. Digital interconnectivity provided people with not only access to the Internet and information but also the ability to collaborate without space limitations. With the installation of transportation, energy and ICT systems, rural communities would benefit from access to markets, credit and decent jobs. Digital connectivity, such as e-commerce, would boost local economies, create new jobs and reduce poverty and urban-rural inequalities. To ensure that the benefits of technologies reached everyone and that technologies worked better in local contexts, policies needed to be formulated to enable inclusive digitalization, in close collaboration with all

[52] Daniel M. West and John R. Allen, "How artificial intelligence is transforming the world", Brookings, 24 April 2018.

stakeholders, including local governments. ICT training should be provided to all, starting with school-age children, so that all citizens, including children with disabilities, could leverage the advantages of technology effectively. China had several examples of good practices and innovative approaches that had stimulated local economies and benefited the population.[53]

V. Conclusions and recommendations

67. Addressing inequality in all its dimensions is essential to eradicating poverty, advancing social progress and achieving sustainable development. While global income inequality has been declining, income inequality within countries has persisted and even risen in many countries, although there is divergence between and within regions. While the level of inequality remains high, many countries have successfully reduced both income and non-income inequalities. Member States and the international community must learn from the experience of those countries and adopt the right mix of policies that have proved to be effective elsewhere, taking into consideration their unique national contexts.

68. In order to make further progress towards the implementation of the outcome of the World Summit for Social Development and the 2030 Agenda for Sustainable Development, the General Assembly may wish to consider the following recommendations:

(a) To address inequality in all its dimensions, Member States should adopt an appropriate mix of policies, including macroeconomic, fiscal, employment, labour-market and social protection polices, to promote inclusive growth and reduce disparities in opportunities and access to basic services. In doing so, policymakers should ensure the synergies between those policies and should enhance coherence and complementarity between poverty eradication strategies, social protection and other sectoral policies;

(b) Member States should establish nationally appropriate universal social protection systems and floors, including through streamlining fragmented social protection systems/programmes, ensuring that such programmes are gender- and disability-sensitive, and progressively extend their coverage to all people throughout their life cycle;

(c) To address challenges faced by those working in informal or vulnerable jobs, Member States should invest in creating more decent work opportunities and enhancing the productive capacities of people and should strengthen labour institutions and employment and labour-market policies, including decent work and wage policies, taking into consideration the specific circumstances of each country, and should promote close partnership with relevant stakeholders;

(d) To leverage science, technology and innovation for inclusive and sustainable development, policymakers and regulators should work together to provide people with affordable access to those technologies, including ICTs and digital skills, through effective private-public partnership at multiple levels in order to advance investment in infrastructure and training, facilitated by cross-sectoral collaboration. In addition, national human and institutional capacity should be strengthened to adapt to an evolving ICT and telecommunications sector;

[53] See https://www.un.org/development/desa/dspd/united-nations-commission-for-social-development-csocd-social-policy-and-development-division/csocd56/chairs-summaries.html.

(e) The international community and development partners are encouraged to support Governments in the design and implementation of nationally appropriate social protection systems, including floors, taking into consideration their national circumstances. In addition, support should be extended to create an enabling environment for income-generating opportunities, in particular in rural areas, while expanding social insurance programmes.